

1 HARMEET K. DHILLON (SBN: 207873)
harmeet@dhillonlaw.com
2 KRISTA L. BAUGHMAN (SBN: 264600)
kbaughman@dhillonlaw.com
3 GREGORY R. MICHAEL (SBN: 306814)
gmichael@dhillonlaw.com
4 DHILLON LAW GROUP INC.
5 177 Post Street, Suite 700
6 San Francisco, California 94108
Telephone: (415) 433-1700
7 Facsimile: (415) 520-6593

8 Attorneys for Plaintiff
9 Majority Strategies, LLC

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **COUNTY OF LOS ANGELES – UNLIMITED JURISDICTION**
12

13 MAJORITY STRATEGIES, LLC, a Florida
14 limited liability company,

15 Plaintiff,

16 vs.

17 COLE HARRIS, an individual; COLE
18 HARRIS FOR LT. GOVERNOR 2018,
19 INC, a California nonprofit mutual benefit
20 corporation; and CINDY CHEN, an
individual,

21 Defendants.
22
23
24
25
26
27
28

Case Number: BC723899

FIRST AMENDED COMPLAINT FOR:

- (1) Breach of Contract
- (2) Fraud
- (3) Quantum Meruit
- (4) Account Stated
- (5) Unfair Business Practices, Cal. Bus. & Prof.
Code §§ 17200 *et seq.*

JURY TRIAL DEMANDED

1 Plaintiff Majority Strategies, LLC (“Majority Strategies”), by and through its attorneys,
2 Dhillon Law Group, Inc., files this First Amended Complaint against Cole Harris (“Harris”), his
3 campaign entity, Cole Harris for Lt. Governor 2018, Inc. (“Campaign”), and his partner, Cindy Chen
4 (“Chen”), (Harris, the Campaign, and Chen are collectively referred herein as “Defendants”), and
5 alleges as follows:

6 INTRODUCTION

7 1. Plaintiff Majority Strategies is a national influence marketing services firm hired by the
8 Defendants to manage Harris’s 11th-hour decision to run for Lieutenant Governor (“Lt. Governor”) of
9 California in the 2018 election. Harris and his partner Chen represented to Majority Strategies that
10 Harris was willing to contribute about ten million dollars of his personal wealth into his campaign.
11 These statements and representations were false (Harris never contributed more than \$2.2 million
12 dollars to his campaign), and upon information and belief, were intended to induce Majority Strategies
13 to work with the Defendants.

14 2. The Campaign was severely undercapitalized, which resulted in the Campaign’s
15 inability to pay outstanding invoices to Majority Strategies. Yet, Defendants continued to make false
16 representations to Majority Strategies and other vendors – assuring them that Harris would “infuse”
17 and “inject” money into the Campaign, either personally or through third parties – in order to induce
18 Majority Strategies to continue work without payment for its outstanding invoices. These statements
19 were deliberately made by the Defendants, despite their lack of intention to pay for the services
20 rendered.

21 3. After Defendants narrowly failed to qualify for the general election, Defendants
22 continued to refuse to pay the outstanding invoices from Majority Strategies, thereby breaching
23 contractual and other promises they made to Majority Strategies. Defendants personally benefited
24 from Majority Strategies’ services, which boosted Harris’s name identification for a future political
25 campaign or other business enterprises. Defendants knowingly and deliberately lied to Majority
26 Strategies about their ability and intention to pay for all services rendered, causing over \$400,000 of
27 harm to Majority Strategies.

28 //

PARTIES

4. Plaintiff Majority Strategies is a Florida limited liability company with its principal place of business in Jacksonville, Florida. Majority Strategies is duly authorized to transact business within the State of California.

5. Defendant Harris is an individual who, upon information and belief, currently resides in Los Angeles County, California.

6. Defendant Campaign is a California nonprofit mutual benefit corporation, which according to its filings with the California Secretary of State, has its principal place of business in Los Angeles County, California. Harris serves as the Campaign's Chief Executive Officer.

7. Defendant Chen is an individual who, upon information and belief, currently resides in Los Angeles County, California. Chen and Harris publicly represent themselves to be a married couple; however, on information and belief, Chen and Harris are not legally married.

8. In or around February, 2018, Harris and Chen formed a conspiracy to carry out their fraud upon Majority Strategies. Acting in concert, and in furtherance of this conspiracy, Harris and Chen created a separate campaign entity, the Campaign, which then became a co-conspirator. Defendants fraudulently promised others, including Majority Strategies, that Harris (with the financial backing of his wealthy partner, Chen) would personally pay for any debt incurred by the Campaign. Harris and Chen routinely displayed their wealth to Majority Strategies, including by flashing their several-thousand-dollar watches, designer clothing, high-end cars, and multi-million-dollar home. As a result of these displays, and Defendants' representations that Harris would *personally* ensure payment for all services rendered in connection with the Campaign, Majority Strategies was induced to provide services in furtherance of Harris's campaign for Lt. Governor, for which services Defendants now refuse to pay. As a result of their conspiracy, Majority Strategies was harmed, and Defendants, co-conspirators in causing that harm, are jointly and severally liable.

9. As set forth in detail below, Harris is liable for his breaches of contract, fraud, and related wrongful conduct. In addition, and in the alternative, Harris is also personally responsible for the debts, obligations, and liabilities of the Campaign because he is an alter ego of the Campaign, including by reason of the following: the Campaign was and is undercapitalized and cannot pay

1 Majority Strategies (or other vendors) monies owed; Harris, the Campaign's Chief Executive Officer,
2 is one of only two directors in the Campaign; Harris was the major source of funds for the Campaign;
3 the Campaign was created for the sole purpose of advancing Harris's campaign for Lt. Governor of
4 California; corporate formalities were disregarded; Harris frequently represented to third parties,
5 including Majority Strategies, that he would personally satisfy the Campaign's financial obligations;
6 Harris commingled assets with the Campaign; and Defendants intended to use the corporate entity as a
7 shield against personal liability. Adherence to corporate form would also sanction Defendants' fraud
8 and lead to the inequitable result whereby the Campaign, which is currently unable or unwilling to
9 satisfy its financial obligations, cannot satisfy any judgment entered against it. Accordingly, both
10 Harris and the Campaign should be held liable for the debts of the other.

11 **JURISDICTION AND VENUE**

12 10. This Court has jurisdiction over this action pursuant to the California Constitution,
13 Article VI, Section 10, which grants the Superior Court "original jurisdiction in all causes except
14 those given by statute to other courts."

15 11. This Court has jurisdiction over all Defendants because each Defendant is either a
16 citizen of California, has sufficient minimum contacts in California, and/or otherwise intentionally
17 avails himself and itself of the California market so as to render the exercise of jurisdiction over it or
18 him by the California courts consistent with traditional notions of fair play and substantial justice.

19 12. Venue is proper in this Court, because Harris and Chen reside in Los Angeles County,
20 and/or the Campaign has its principal place of business in Los Angeles County. (Code Civ. Proc., §
21 395(a).)

22 **GENERAL ALLEGATIONS**

23 13. Plaintiff Majority Strategies is a premier national influence marketing services firm,
24 with over two decades of experience across elections, advocacy, and brand. Majority Strategies'
25 experience and qualifications are well respected in the political realm, as the company is well known
26 for running successful campaigns for a number of elections, ranging from local elections to elections
27 for the U.S. House of Representatives and the U.S. Senate. Majority Strategies' clients regularly
28 praise the company for its unmatched ability to deliver high quality work within the client's budget, to

1 motivate and persuade voters to exercise their right to vote, and to manage clients' short-term and
2 long-term goals.

3 14. On or about February 21, 2018, Majority Strategies' Chief Executive Officer, Brett
4 Buerck ("Buerck"), and its Senior National Strategist, Chris Faulkner ("Faulkner"), met with Harris
5 and Chen at Harris and Chen's multi-million-dollar residence in San Marino, California to discuss
6 Harris's potential campaign. Since the filing of the initial complaint in this action, Majority Strategies
7 has learned that the title to Harris and Chen's residence is held by a trust, which, on information and
8 belief, Defendants arranged so as to avoid enforcement of any judgment against them. At this meeting,
9 Harris stated, "We will spend what it takes to win. I can put ten to twenty million dollars for the
10 primary and then another fifty million for the general election," or words to similar effect. In an
11 attempt to demonstrate his wealth, Harris boasted about the \$10,000 Hermès belt he had recently
12 acquired, and other expensive items he owned, such as his Lamborghini and private aircraft. Harris
13 also assured Buerck and Faulkner that he could easily raise a hundred million dollars from his friends
14 and work associates.

15 15. Upon information and belief, Harris made these statements to induce Majority
16 Strategies to work with Harris on his campaign.

17 16. Chen, Harris's wealthy partner, had control over most, if not every, major financial
18 decision made in connection with Harris's campaign. Indeed, Harris stated to Faulkner (and two
19 others present at the time) that Chen must be present at all weekly budget meetings for the campaign.
20 As such, Chen was present at the February 21, 2018 meeting, as well as every other meeting involving
21 Harris and Majority Strategies that concerned any major financial decision made with respect to
22 Harris's campaign.

23 17. Indeed, at one point during the campaign, Faulkner witnessed a heated argument
24 between Harris and Chen that, from Faulkner's understanding of what was said by Chen and Harris,
25 arose because Harris withdrew \$200,000 from an account without Chen's consent. As result of these
26 and other representations made by Defendants, Majority Strategies understood that Chen's permission
27 was needed with respect to every significant financial decision made in connection with the campaign,
28 regardless of whether that decision involved Majority Strategies.

1 18. One week after the initial meeting, on February 28, 2018, Faulkner met with Harris and
2 Chen once again. Harris reiterated his desire to run for Lt. Governor, and confirmed that he
3 understood that he would need to spend about ten million dollars to have a viable chance at qualifying
4 for the run-off election. Harris and Chen assured Faulkner that financing the campaign would not be
5 an issue, and that Harris would put his own personal wealth into the Campaign. For example, when
6 Faulkner stressed the significant amount of funding Harris's statewide campaign would require (i.e.
7 several million dollars of Harris's personal funds), Chen repeatedly stated to Faulkner "it's not a
8 problem" and waved her hand dismissively.

9 19. Faulkner returned to Harris's residence on March 2, 2018. At this point, Harris began
10 to strategize with Faulkner about his campaign. Harris told Faulkner that he wanted to decrease TV
11 spending, so he could spend six million dollars in digital ads. To demonstrate his commitment, Harris
12 stated that he had put in the "first million already to kick this off," or words to similar effect. This is
13 but one example of Harris treating his own funds as the campaign's funds, and representing the same
14 to Majority Strategies.

15 20. Throughout the campaign, Chen also repeatedly expressed her desire for a reduction of
16 TV ad spending, and that those funds instead be devoted to digital ads. Faulkner strongly advised
17 against that approach, and advocated for a more comprehensive advertisement strategy, rather than to
18 be overly reliant on digital ads. After Chen began to see herself appear on TV ads, in connection with
19 her partner's campaign, her resistance to Faulkner's strategy waned.

20 21. On March 13, 2018, Harris, and behalf of himself and/or the Campaign, signed a
21 written contract ("Agreement") between, on the one hand, Harris and the Campaign and, on the other
22 hand, Majority Strategies. A true and correct copy of the Agreement is attached to this First Amended
23 Complaint as **Exhibit A**.

24 22. The Agreement provided that Faulkner would act as Senior Advisor to Harris and the
25 Campaign. Faulkner was authorized by Harris and/or the Campaign "to authorize payments,
26 expenditures and advertising for every aspect of the campaign."

27 23. Moreover, the Agreement states that the Harris and/or the Campaign agree to pay for
28 Majority Strategies' services within 15 days of issuance of an invoice. In Addendum A, Harris and the

1 Campaign also agreed to pay a Management Fee of \$25,000 to Majority Strategies on the first of each
2 month for the Senior Advisor's services on the campaign. Section (g) states, "[i]f any of these
3 Management Fees not be provided as outlined, that shall result in a breach of contract by the
4 [Campaign]."

5 24. The Agreement also provided that its terms shall "be governed by the laws of the State
6 of California."

7 25. On the same day the Agreement was signed, March 13, 2018, Harris and Chen's agents
8 formally established the Campaign as a non-profit and registered it with the California Secretary of
9 State.

10 26. Faulkner worked closely with Harris as the Senior Advisor to the campaign. Faulkner's
11 responsibilities included working in all areas of campaign strategy, day-to-day operations, and
12 communications. In order to pay employees, vendors, and venues for campaign events, Faulkner told
13 Harris that he would either need to fundraise quickly, or inject more of his (or Chen's) promised
14 personal money into the campaign.

15 27. On or about March 16, 2018, Harris informed Faulkner that Harris could deposit a
16 million dollars in the Campaign's account by the following Monday. Harris stated that he "just [had]
17 to move some money around," or words to similar effect, implying that he was transferring his
18 personal funds from a personal account into the bank account for the Campaign, including for the
19 purpose of satisfying Majority Strategies' invoices. Chen was present during the exchange but
20 concealed the fact (unknown to Majority Strategies at the time) that Harris would likely not be
21 funding the Campaign with solely his own money, but with Chen's.

22 28. Over the next few weeks, Faulkner worked closely with Harris in order to broaden the
23 campaign's exposure. On or about March 29, 2018, Harris began to decrease his initial ten million
24 dollar budget, so that he would "only have to put in six million," or words to similar effect, yet again
25 representing that he viewed his funds and the Campaign's to be fungible and interchangeable.

26 29. Upon information and belief, Harris consistently and deliberately misrepresented his
27 ability to raise and provide Majority Strategies with the necessary funds to run a campaign that would
28 result in success in the California Lt. Governor primary and Harris's goal of increased name

1 identification statewide.

2 30. Just three weeks into the parties' relationship, on April 4, 2018, Harris informed
3 Majority Strategies that he had received a notice from Wells Fargo that his attempted deposit of two
4 \$500,000 checks had been returned as unpaid, and that Wells Fargo had deducted \$1,400,000 from the
5 Campaign account. Harris e-mailed Faulkner and other Campaign vendors/workers that "[t]he money
6 is there in my Chase account. So THERE IS DEFINITELY AN ISSUE AT WELLS !!!!!!!!!!!!!!!!!!!!!!!"
7 Again, Harris portrayed his and Chen's personal funds as interchangeable with the Campaign's, and
8 represented that Harris had substantial funds in his bank account, and assured campaign vendors that
9 he would personally satisfy Campaign debts.

10 31. As of April 4, 2018, Harris and/or the Campaign were in breach of the contract with
11 Majority Strategies. Per the Agreement, \$25,000 was due on or before April 1, for services rendered in
12 March. Due to the Campaign's lack of funds, and Harris's failure to resolve these monetary issues,
13 these amounts were not paid until April 11.

14 32. At this time, Harris and Chen did not allow Faulkner to exercise the contractual rights
15 afforded to Faulkner by the Agreement to authorize all payments, expenditures, or advertising on
16 behalf of the Campaign. Instead, Harris claimed a sudden lack of trust in "political people," and kept a
17 separate staff that would authorize and pay invoices and expenditures.

18 33. Throughout the month of April, Harris would repeatedly tell Faulkner, other employees
19 of Majority Strategies, and members of the California Republican Party that he was still prepared to
20 spend millions of his own personal funds on his campaign.

21 34. On or about April 30, 2018, Harris told Faulkner that "After this convention, I will
22 have my shit worked out with my business partners and can put in another two million to get us back
23 up on TV and catch up on bills," or words to similar effect. In other words, Harris expressed to
24 Majority Strategies that he would transfer two million dollars of his personal funds (now understood
25 as likely being Chen's personal funds) into the Campaign for the purpose of satisfying the Campaign's
26 debt to Majority Strategies, and others.

27 35. Upon information and belief, on or about May 1, 2018, Harris and the Campaign had
28 amassed a number of unpaid invoices from vendors and individuals who had worked on the campaign.

1 As of this date, Defendants had failed to pay the last three invoices from Majority Strategies, and yet
2 this did not deter Defendants from continuing to induce Majority Strategies to perform services for
3 Harris's campaign. Indeed, Defendants continued to falsely represent that they would soon come
4 current on all amounts payable to Majority Strategies, while having no intention to do so.

5 36. On or about May 4, 2018, Harris told Faulkner that he would be withdrawing money
6 from his personal Chase bank account to deposit into the Campaign's account. This turned out to be
7 false, as the General Ledger for the Campaign shows that no money was deposited on May 4, 2018.

8 37. On or about May 10, 2018, Faulkner made a verbal demand for payment to Harris for
9 Majority Strategies' services. Harris said, "I know we got bills to pay. I am moving some money now
10 and besides we are winning anyway," or words to similar effect.

11 38. On or around May 14, 2018, Harris stated to Faulkner that the president of Better 4
12 You Foods, LLC (a business owned and/or controlled by Harris) would "come by [Harris's] house
13 with \$200,000 in cash that [Harris] will deposit into the campaign account so we can get back up on
14 TV," or words to similar affect.

15 39. Alarmed by this statement, and the possibility that Harris may be breaking federal or
16 state campaign finance laws or regulations with a large cash contribution from a business, Faulkner
17 asked for additional information regarding the source of the funds. Harris responded to Faulkner's
18 request by stating "It's my fucking company and I can take out money when I want," or words to
19 similar effect.

20 40. Faulkner then reminded Harris that he needed to maintain bank records in connection
21 with all campaign donations, to which Harris responded "I got it covered," or words to similar effect.
22 Majority Strategies is unaware of whether Harris ultimately made the \$200,000 deposit to the
23 Campaign's account or if he maintained documentation as to the same. On information and belief, this
24 \$200,000 is the same \$200,000 that caused an argument between Harris and Chen as a result of Harris
25 withdrawing the funds without prior approval from Chen. This suggests that Chen may also have a
26 business interest in or control of Better 4 You Foods, LLC.

27 41. During Harris's campaign, Majority Strategies also learned from Harris that he
28 reported approximately \$120,000 as his gross income on his most recent tax return. Despite this

1 relatively modest income, Harris and/or Chen personally contributed over \$2,000,000 to his
2 campaign. On information and belief, some or all of the funds Harris claims to have contributed to the
3 campaign personally were actually given to Harris by some other person (including Chen) or entity for
4 the purpose of funding his campaign. By representing such funds as his personal contributions to the
5 campaign, Harris intended to circumvent campaign finance laws and regulations, including limitations
6 on campaign contribution amounts. Such regulations and laws include, but are not limited to,
7 California Government Code §§ 85301-04, 85308, 18428, and 18545.

8 42. Despite Harris's repeated assertions that he would have "millions" of his own money to
9 contribute to his campaign, as of May 17, 2018, Defendants' outstanding invoices totaled
10 \$502,343.12, of which \$180,839.00 was owed to Majority Strategies.

11 43. On or about May 17, 2018, Faulkner made another verbal request for payment to
12 Harris. At this time, Harris responded with promises of "catching up soon," and "getting paid from
13 one of [Harris's] investments, and infusing it into the campaign" or words to similar effect.

14 44. Upon information and belief, at no point during his campaign did Harris have "ten
15 million dollars of his own money" to contribute to his campaign. Upon information and belief, when
16 Defendants learned the magnitude of costs required to run a successful statewide campaign in
17 California, and realized that they did not have the funds to sustain the campaign, they deliberately
18 provided Majority Strategies and other vendors with knowingly false assurances that the outstanding
19 invoices would be paid, in an attempt to induce these vendors to continue to perform services for
20 Defendants until at least the primary election on June 5, 2018, gambling either that they would survive
21 the primary and make it into the general election race despite their lack of funds, or that the Harris
22 would nonetheless benefit in terms of increased name identification in California for a future political
23 race.

24 45. On or about May 24, 2018, Faulkner made another verbal demand for payment to
25 Harris. Once again, Harris responded with promises of "catching up soon," or words to similar effect,
26 and mentioned that he would infuse more of his personal wealth into the Campaign.

27 46. Shortly after the June primaries, it became apparent from the vote count that Harris
28 would not be on the ballot for the upcoming November Lt. Governor general election. Elena

1 Kounalakis (“Kounalakis”), with 24.23% of the total vote, and Ed Hernandez (“Hernandez”), with
2 20.56% of the total vote, qualified for the November run-off election. Kounalakis had announced her
3 campaign on April 24, 2017, while Hernandez had announced his campaign on or about February
4 2017 – well over a year before Harris entered the race.

5 47. Although Harris did not qualify for the November ballot, the value and success of
6 Majority Strategies’ work is evident in the fact that Harris emerged from the June primaries with
7 17.46% of the vote, by far the most successful Republican candidate on the ballot, despite having
8 announced his campaign a mere three months before the primary.

9 48. Defendants have refused to pay any the outstanding invoices due and owing to
10 Majority Strategies, totaling at this date \$420,659.47, exclusive of interest. Upon information and
11 belief, the amount of Harris’s unpaid invoices to all of his and/or the Campaign’s vendors total over
12 \$1,000,000. True and correct copies of Majority Strategies’ outstanding invoices to Harris and the
13 Campaign are attached hereto as **Exhibit B**.

14 49. Majority Strategies has made multiple requests, orally and in writing, that Harris and/or
15 the Campaign satisfy the outstanding invoices. On June 22, 2018, Majority Strategies received an e-
16 mail from Defendants stating, “With the election over, we are in the process of finalizing the accounts
17 payable and preparing for the mandatory audit that the Political Reform Act requires. We are making
18 sure all of the contracts are completed and that all other recordkeeping the law requires is in order. We
19 thank you for your patience while we work through this, and we will be in touch as soon as we can
20 with a more precise statement on your payment.”

21 50. Despite being owed over \$400,000 dollars, the only substantive communication that
22 Majority Strategies has received from Defendants following Harris’s loss in the primary election is a
23 letter demanding control of the campaign website, despite Harris and/or the Campaign’s being in
24 breach of the Agreement. Majority Strategies is informed and believes that Defendants’ insistence on
25 regaining control of the campaign website, which they did not pay for, is for the specific purpose of
26 running for office again in the future.

27 51. Defendants benefited from the services that Majority Strategies provided – including
28 those services for which Defendants refuse to pay – during Harris’s campaign for Lt. Governor.

1 Harris's intention to run for office again in the future is a quest for which his increased name
2 recognition, as a direct result of Majority Strategies' work, will be critical. Harris's partner, Chen,
3 stands to gain for the same reason—any subsequent political success would advance her own social
4 standing and political connections.

5 **FIRST CAUSE OF ACTION**

6 **Breach of Contract**

7 **(Against Harris and the Campaign)**

8 52. Majority Strategies incorporates every allegation in the preceding paragraphs, as
9 though set forth fully herein.

10 53. Majority Strategies entered into a valid contract with Harris and/or the Campaign, the
11 Agreement, pursuant to which Harris and/or the Campaign were obligated to pay for consulting
12 services. Majority Strategies understands that whether Harris, the Campaign, or both are parties the
13 Agreement is a disputed factual issue, and accordingly it asserts breach of contract claims against both
14 Harris and the Campaign. Additionally, as set forth herein, Majority Strategies alleges that Harris and
15 the Campaign are alter egos, and that they are therefore liable for each other's debts under the
16 Agreement, regardless of whether either or both are parties to the Agreement.

17 54. Majority Strategies performed all covenants, conditions, and promises required of it
18 under the Agreement that were not excused or waived by Harris's and/or the Campaign's conduct.

19 55. Any covenants, conditions, and promises Majority Strategies was unable to perform
20 were excused by the doctrine of impossibility, impracticability, and frustration of purpose.

21 56. Harris and/or the Campaign breached the Agreement by refusing to pay in full for the
22 services provided by Majority Strategies, as alleged above.

23 57. Harris and the Campaign are responsible for all debts, obligations, and liabilities of
24 each other because Harris and the Campaign are alter egos of one another, including because of one or
25 more of the following reasons: Harris deliberately undercapitalized the Campaign; Harris was in
26 complete control over the Campaign; Harris and the Campaign ignored the corporate form and
27 comingled assets such that one should be liable for the debts of the other, and vice versa; and Harris
28 was the major and primary source of funds for the Campaign. In addition, Harris and the Campaign

1 made many business deals knowing that the Defendants would not pay the invoices.

2 58. As a direct and proximate result of Harris's and/or the Campaign's breaches of
3 contract, Majority Strategies has been damaged in a principal amount of \$420,659.47, exclusive of
4 interest.

5 **SECOND CAUSE OF ACTION**

6 **Fraud**

7 **Civ. Code, §§ 1572, 1573, 1710**

8 **(Against all Defendants)**

9 59. Majority Strategies incorporates every allegation in the preceding paragraphs, as
10 though set forth fully herein.

11 60. Defendants formed a conspiracy to fraudulently induce Majority Strategies to provide
12 consulting services in support of Harris's campaign for Lt. Governor, and to fraudulently induce
13 Majority Strategies to continue providing those services even after Defendants failed to pay.

14 61. Defendants, and each of them, whether individually or through their co-conspirators,
15 fraudulently misrepresented, by means affirmative misrepresentations and/or omissions, Harris's
16 ability to contribute personal money to the Campaign, in an attempt to induce Majority Services—a
17 premier consulting firm—to agree to take Harris and the Campaign on as clients.

18 62. When it became clear to the Defendants that they could not or would not pay the
19 outstanding invoices and/or the full cost of running the campaign, Defendants, either themselves or
20 through the actions of their co-conspirators, knowingly used false and misleading statements or
21 omissions to induce Majority Strategies to continue to provide the consulting services discussed
22 above, even after Defendants had no intention of paying for the services in full, if at all.

23 63. Defendants had a duty not to conceal that Harris could not, or would not, be able to
24 personally fund the Campaign in the manner promised. Rather, Harris's "personal" funds were, on
25 information and belief, supplied by Chen or other business entities under Harris's and/or Chen's
26 control, such as Better 4 You Foods. Defendants actively concealed this information from Majority
27 Strategies. Defendants also partially disclosed certain facts, namely that Chen's permission was
28 needed for all major budgetary decisions, without conveying the additional material facts, namely that

1 Chen was the source of Harris's funds. Defendants also entered into a confidential and/or fiduciary
2 relationship with Majority Strategies, by virtue of their entering into the business partnership with the
3 goal of supporting Harris's campaign for Lt. Governor, and therefore had a duty to disclose the above-
4 information, but failed to do so.

5 64. Majority Strategies reasonably and foreseeably relied upon Defendants' false and
6 misleading statements, representations, and omissions concerning payment, as discussed above, in
7 agreeing to provide its services and by continuing to perform those services for Defendants despite
8 their failure to pay.

9 65. Majority Strategies has suffered damages as a direct result of its reasonable reliance on
10 Defendants' false and misleading statements and omissions.

11 66. Defendants knew or should have known that their representations and omissions were
12 false and misleading when they made them.

13 67. Defendants' false representations induced Majority Strategies to continue providing
14 consulting services, in good faith that the payments were forthcoming.

15 68. The false representations and omissions made by Defendants, either themselves or
16 through the acts of their co-conspirators, include, without limitations, the following:

- 17 a. False representations by Harris and Chen, on or around February 21, 2018, that Harris
18 would be able and willing to contribute ten to twenty million dollars of his own funds
19 to the campaign. Upon information and belief, Harris and/or Chen contributed no more
20 than two million, two hundred thousand dollars of his personal funds to his campaign;
- 21 b. False representations by Harris and Chen, on or around February 28, 2018, that Harris
22 would be able to contribute eight million dollars of his own funds to the campaign.
23 Upon information and belief, Harris contributed no more than two million, two
24 hundred thousand dollars of his personal funds to his campaign;
- 25 c. Chen, who, with full awareness of the above representations, and who participated in
26 weekly budget meetings with Majority Strategies about the campaign, fraudulently
27 concealed from Majority Strategies information that she, either entirely or in part, was
28 the ultimate source of funds for Harris's campaign, and that Harris could not or would

not personally be able to contribute the promised funds to the Campaign;

- d. False representations by Harris, in March and April 2018, that he would simply have to move some money around to solve his Campaign's cash flow issues and pay invoices;
- e. False representation by Harris, on or around May 4, 2018, stating that Harris would visit Chase to transfer funds to the campaign that day, and that the funds were definitely in his Chase bank account;
- f. False representation by Harris, on or around May 10, 2018, that Harris would pay shortly, and that Harris just needed additional time to "infuse" into the campaign, or words to similar effect.
- g. False representation by Harris, on or around May 17, 2018, that Harris would pay shortly, and that Harris just needed additional time to "infuse" into the campaign, or words to similar effect.
- h. False representation by Harris, on or around May 24, 2018, that Harris would pay shortly, and that Harris just needed additional time to "infuse" into the campaign, or words to similar effect.
- i. False representations by Defendants that the Defendants would pay the unpaid invoices upon the completion of the campaign; and
- j. False representation by the Defendants, on June 22, 2018, that the Defendants intended to pay all outstanding invoices.

69. As a direct and proximate result of Defendants' false misrepresentations, Majority Strategies has been damaged in the principal amount of \$420,659.47, exclusive of interest.

70. As Defendants caused this harm in furtherance of their conspiracy to commit fraud against Majority Strategies, Defendants are jointly and severally liable for the same.

71. Additionally, as set forth above, Harris and the Campaign are alter egos, and each is therefore responsible for all debts, obligations, and liabilities of the other.

72. The actions of Defendants were intentional, willful, and malicious, and Majority Strategies is entitled to exemplary damages in an amount to be proven at trial, in order to deter Defendants and those like them from similarly defrauding service providers such as Majority

1 Strategies

2 **THIRD CAUSE OF ACTION**

3 **Quantum Meruit**

4 **(Against Harris and the Campaign)**

5 73. Majority Strategies incorporates every allegation in the preceding paragraphs, as
6 though set forth fully herein.

7 74. In the alternative, if Harris and/or the Campaign should prove there was no valid and
8 legally binding contract as to either or both of them, Majority Strategies is entitled to compensation
9 pursuant to the theory of quantum meruit.

10 75. As described above, Majority Strategies provided valuable services and benefits to
11 Harris and the Campaign in furtherance of Harris's campaign for Lt. Governor, which services were
12 rendered at Defendants' request.

13 76. Defendants benefited from the services rendered by Majority Strategies. Harris, a
14 Republican running for Lt. Governor in California, was a mere 3.1% away from qualifying on the
15 ballot. The two Democratic candidates who had qualified had been actively campaigning for at least a
16 year before Harris announced his belated campaign. Harris, a relatively obscure businessman prior to
17 the campaign, had garnered over 48,551,329 impressions in the three months he began his campaign.

18 77. At all times relevant, Majority Strategies expected Harris and the Campaign to pay for
19 the services rendered, and Harris and the Campaign understood that Majority Strategies expected to be
20 compensated for those services when accepting the same.

21 78. Harris and the Campaign have failed to compensate Majority Strategies for the
22 reasonable value of the services it provided.

23 79. As a result of Harris's and the Campaign's failure to compensate Majority Strategies
24 for the reasonable value of its services, Harris and the Campaign have been unjustly enriched at
25 Majority Strategies' expense, in an amount to be proven at trial but estimated at this time to exceed
26 \$420,659.47, exclusive of interest.

27 80. Additionally, as set forth above, Harris and the Campaign are alter egos, and each is
28 therefore responsible for all debts, obligations, and liabilities of the other.

1 **FOURTH CAUSE OF ACTION**

2 **Account Stated**

3 **(Against Harris and the Campaign)**

4 81. Majority Strategies incorporates every allegation in the preceding paragraphs, as
5 though set forth fully herein.

6 82. For the past four months, an account was stated by and between, on the one hand,
7 Majority Strategies and, on the other hand, Harris and the Campaign, and each of them, wherein it was
8 agreed that Harris and the Campaign, and each of them, are indebted to Majority Strategies in the sum
9 of \$420,659.47. (Ex. B.)

10 83. No part of said sum has been paid, although demand therefor has been made, and there
11 is now due, owing and unpaid from Harris and the Campaign, and each of them, to Majority
12 Strategies, the said amount.

13 **FIFTH CAUSE OF ACTION**

14 **Unfair Business Practices, Cal. Bus. & Prof. Code §§ 17200 *et seq.***

15 **(Against all Defendants)**

16 84. Majority Strategies incorporates every allegation in the preceding paragraphs, as
17 though set forth fully herein.

18 85. Defendants' conduct, as alleged herein, including Defendants fraud on Majority
19 Strategies and other vendors, as well as their conspiracy to commit the same, constitute unfair
20 business practices in violation of California Business and Professions Code sections 17200 *et seq.*,
21 including because these violations were done repeatedly, over a significant period of time, and in a
22 systematic manner, to the detriment of Majority Strategies and the public.

23 86. Majority Strategies brings this cause of action seeking payment of the amounts
24 Defendants acquired through the unlawful business practices described herein.

25 87. Defendants' knowing conduct, as alleged herein, constitute unlawful business practices
26 set forth in California Business and Professions Code sections 17200-17208. Specifically, Defendants
27 conducted business activities while failing to comply with the legal mandates cited herein, which
28 include, but are not limited to, violating California's fraud statutes (Civ. Code, §§ 1572, 1573, 1710)

1 and campaign finance laws (Gov't. Code, §§ 85301-04, 85308, 18428, 18545).

2 88. As a result of Defendants' unfair business practices, Defendants have reaped unfair
3 benefits at Majority Strategies' expense.

4 89. Majority Strategies is entitled to an injunction barring Defendants from repeating their
5 unlawful conduct as described above.

6 90. Majority Strategies is entitled to the disgorgement of any profits or benefits that
7 Defendants reaped or retained as a result of their unfair business practices described above.

8 **PRAYER FOR RELIEF**

9 Wherefore, Plaintiff Majority Strategies, LLC respectfully prays for relief and judgment
10 against Defendants Harris, the Campaign, and Chen as follows, in amounts according to proof:

- 11 1. For judgment in favor of Plaintiff against Defendants;
12 2. For all damages legally and/or proximately caused to Majority Strategies by
13 Defendants, in the amount of \$420,659.47.
14 3. For exemplary and punitive damages;
15 4. For injunctive relief;
16 5. For pre-judgment and post-judgment interest;
17 6. For costs of suit incurred herein; and
18 7. For such other and further relief as the Court deems just and proper.

19 Date: February 20, 2019

DHILLON LAW GROUP INC.

20
21 By: _____

22 Harmmeet K. Dhillon
23 Krista L. Baughman
24 Gregory R. Michael
25 Attorneys for Plaintiff Majority Strategies, LLC
26
27
28